

MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

May 1, 1985

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~~SECRET/SENSITIVE~~MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

SUBJECT: Special National Intelligence Estimate on Iran (U)

The President remains concerned over the developing situation in Iran and the prospects of increasing instability which may affect our policy options in that country. Intelligence Community assessments in the last several weeks have highlighted the effects of the Iran/Iraq war on the Iranian people and noted the increasingly serious effects of the declining economy. In this regard, the anti-Khomeini and anti-war demonstrations which took place in South Tehran during the second week of April appear to be particularly significant. A review of our policy options has been initiated and an NSDD on Iran will be developed for future NSPG consideration and approval. (S)

The SNIE 34-84 IRAN: THE POST-KHOMEINI ERA listed as one of its key judgements the forecast of a relatively smooth transition in the first several months after Khomeini's death. A Directorate of Intelligence memorandum published March 28, 1985 (IRAN: PROSPECTS FOR NEAR TERM INSTABILITY) concludes, however, that "serious political instability could occur in Iran before Khomeini dies." This new DDI judgement is shared by other elements of the community as well. (S)

In preparation for the policy review of our Iran options it would be useful to have an updated SNIE on Iran published, to take into account the new factors changing the prospects for continued political stability in the Khomeini regime. It is therefore requested that a SNIE addressing the following areas of concern be developed and published on a priority basis:

- Description and assessment of the risks of political instability in Iran over the next 6 to 12 month period, with particular attention to factional competition for power from within the lay and clerical elements of the regime. Particular attention should be given to possible opportunities for, as well as threats to, U.S. interests which may result from this competition.
- Description and assessment of the key leadership elements likely to emerge as Khomeini's health declines and the effects of the continuing war with Iraq exacerbate existing tensions and disagreements within the regime and the society.

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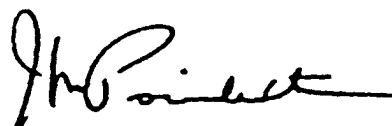
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- Analysis of the recent demonstrations in Tehran and other urban areas, and particularly the strikes among industrial workers in Esfahan. Is there opposition involvement in the demonstrations and strikes? Who or what elements may be involved, and what are the prospects for expanding expressions of discontent?
- Assessment of Iranian opposition elements which are most likely to have success in exploiting the discontent indicated by these demonstrations. The Khomeini regime has blamed the left for the Tehran demonstration. Other reports suggest there may have been followers of various conservative ayatollahs involved as well. In connection with this treatment, an analysis of the strength of the Tudeh and the Mojahedin-e-Khalq should be made. How strong and how well organized are these groups, and are they well positioned to exploit instability in the regime?
- Description and assessment of the opposition groups external to Iran, with particular attention to their appeal inside Iran. What is the ability of these groups to generate visible signs of opposition within Iran. Do any of them have the capability of generating cyclical demonstrations in Iran of the type which resulted in the fall of the Shah? In particular assess the Bakhtiar, Al-Amini, Madani, Young Shah and Mojahedin-e-Khalq organizations. (S)

In assessing the prospects for instability in Iran, it would be relevant to our policy deliberations to include an assessment of the Soviets' likely response as well as those of the radical Arab nations. A treatment of Soviet activities to include any evidence of support and encouragement to ethnic separatist movements in Iran should be included, as well as any judgements regarding Soviet attitudes toward the clerical, military and lay political figures in the Khomeini regime. (S)

I am aware that the above represents a considerable allocation of analytical resources but the apparently serious developing crisis in Iran impelled by the war, the economy and their effects represents concerns and opportunities for U.S. policy which require additional intelligence support. I am also aware that there may be problems involved in obtaining information about the issues I have highlighted. For that reason, it is particularly important that the SNIE clearly note those areas where information is not currently available in sufficient quantity or quality to answer our questions. (S)

FOR THE PRESIDENT:


for Robert C. McFarlane

cc: The Vice President

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